



MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sachi A. Hamai, Executive Officer-  
Clerk of the Board of Supervisors  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

At its meeting held September 11, 2007, the Board took the following action:

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The following item was called up for consideration:

The Chief Executive Officer's recommendation to approve the proposed premium rates for County sponsored plans as follows: a) medical and dental rates for represented employees for the period of January 1, 2008 through December 31, 2008; b) medical and dental rates for non-represented employees for the period of January 1, 2008 through December 31, 2008; c) basic life and accidental death and dismemberment insurance rates, and for represented employees, optional term life and dependent life insurance rates for the period of January 1, 2008 through December 31, 2010; d) supplemental group variable universal life, dependent term life and survivor income benefit rates for nonrepresented employees for the period January 1, 2008 through December 31, 2010; and e) rates for short-term disability, long-term disability (LTD) and LTD Health Insurance plans; and approve the following related actions:

Approve Kaiser Mid-Atlantic HMO rates and plan design;

Instruct County Counsel to review and approve the appropriate agreements with Blue Cross of California and Blue Cross Life and Health Insurance Company, Connecticut General Life Insurance Company and CIGNA Healthcare of California, Inc., Kaiser Foundation Health Plan, Inc., Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and Mid-Atlantic Medical Group, PacifiCare of California and PacifiCare Life & Health, and Delta Dental Plan and their successors or affiliates, for the period of January 1, 2008 through December 31, 2008; agreements with SafeGuard Health Plans, Inc., Metropolitan Life Insurance Company, and Life Insurance of North America and their successors and affiliates, as necessary, for the period January 1, 2008 through December 31, 2010, and instruct the Chairman to sign such agreements;

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Approve proposed premium rates and benefit coverage changes for Union sponsored plans, for the period from January 1, 2008 through December 31, 2008: the Association for Los Angeles Deputy Sheriff's, Inc.; the California Association of Professional Employees; and the Los Angeles County Fire Fighters Local 1014 Health and Welfare Plan;

Approve an adjustment in the minimum County contribution under the MegaFlex and Flexible Benefit Plans from \$918 and \$678 per month, respectively, to \$987 and \$735 per month, respectively, to be initially on the January 15, 2008 pay warrants;

Approve an expenditure cap of \$1.23 million per year for the Dependent Care Spending Account subsidy program for nonrepresented employees beginning on January 1, 2008;

Instruct the Auditor-Controller to make all payroll system changes necessary to implement the changes recommended herein to ensure that all changes in premium rates are first reflected on pay warrants issued on January 15, 2008; and

Instruct County Counsel to prepare the ordinances necessary to amend Title 5 of the Los Angeles County Code to implement the recommended changes.

Supervisor Burke made the following statement:

“The County of Los Angeles, with the support of Mercer Health and Benefits Consulting, annually engages in extensive analyses of insurance utilization rates, hospitalization costs and numerous other factors affecting our increasing healthcare premiums. Despite repeated attempts by County staff and Mercer, it appears that we continue to experience difficulties when attempting to obtain data which would validate the unsubstantiated fluctuation and increasing healthcare insurance premiums from Kaiser Permanente. Given the current trend of annual increases, it is imperative that the County take every step necessary to ensure full disclosure of all necessary data that can lead toward stabilization, or perhaps reduction, of these skyrocketing costs.”

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Therefore, Supervisor Burke made a motion, seconded by Supervisor Antonovich, that the Board take the following actions:

1. Direct the Chief Executive Officer to immediately form and lead a taskforce comprised internally of the Departments of Human Resources and the Auditor-Controller, working in concert with Mercer Health and Benefits Consulting, to actively solicit participation from other local government jurisdictions in order to:
  - Examine the feasibility of forming a Statewide consortium of local governmental bodies seeking to obtain industry-standard data which would validate increasing healthcare insurance rates from Kaiser Permanente and any other insurance providers;
  - Fully examine the opportunities for Los Angeles County to implement innovative healthcare insurance cost-savings initiatives beyond our Cost Mitigation Goals and Objectives Program consisting of programs, including but not limited to those currently utilized by other large employers, public and private; and
  - Determine the best legislative alternatives, at both State and Federal levels, that would mandate full disclosure of industry-standard information allowing the County to validate Kaiser Permanente and other insurers' healthcare rates; and
2. Direct the Chief Executive Officer to report back with his findings and recommendations within 60 days.

William T Fujioka, Chief Executive Officer, Frank Frazier, Special Services Assistant, Chief Executive Office, and Michael J. Henry, Director of Personnel, responded to questions posed by the Board.

Mr. Ramon Rubalcava, representing SEIU Local 721, and Marcy Burns, Principal for Mercer Health and Benefits Consulting, also addressed the Board.

After discussion, Supervisor Antonovich made the following statement:

“Kaiser is proposing rate increases that range from 0.2% and 15.1%. The County should review what the rate would be if all bargaining units negotiated as one.”

Therefore, Supervisor Antonovich made a motion, seconded by Supervisor Yaroslavsky, to direct the Chief Executive Officer to report back to the Board in 60 days on the feasibility of negotiating with Kaiser as one bargaining unit and include an actuarial to determine if this could result in a better rate for County employees.

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After further discussion, on motion of Supervisor Knabe, and by common consent, there being no objection, the Board took the following actions:

1. Continued the Chief Executive Officer's aforementioned recommendations one week to September 18, 2007;
2. Directed the Chief Executive Officer to immediately form and lead a taskforce comprised internally of the Departments of Human Resources and the Auditor-Controller, working in concert with Mercer Health and Benefits Consulting, to actively solicit participation from other local government jurisdictions in order to:
  - Examine the feasibility of forming a Statewide consortium of local governmental bodies seeking to obtain industry-standard data which would validate increasing healthcare insurance rates from Kaiser Permanente and any other insurance providers;
  - Fully examine the opportunities for Los Angeles County to implement innovative healthcare insurance cost-savings initiatives beyond our Cost Mitigation Goals and Objectives Program consisting of programs, including but not limited to those currently utilized by other large employers, public and private;
  - Determine the best legislative alternatives, at both State and Federal levels, that would mandate full disclosure of industry-standard information allowing the County to validate Kaiser Permanente and other insurers' healthcare rates; and
  - Report back in 60 days with findings and recommendations; and
3. Directed the Chief Executive Officer to report back within 60 days on the feasibility of negotiating with Kaiser as one bargaining unit and include an actuarial to determine if this could result in a better rate for County employees.

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Each Supervisor  
Chief Executive Officer  
County Counsel  
Auditor-Controller  
Director of Personnel